



# A DREAM DEFERRED

## California's Waning Higher Education Opportunities



### CALIFORNIA POSTSECONDARY EDUCATION COMMISSION

JUNE 1993

COMMISSION REPORT 93-10

# Summary

At its meeting on June 28, 1993, the California Postsecondary Education Commission adopted this policy statement on recommendation of its executive director, Warren Halsey Fox

In the statement, the Commission warns of the consequences of continued underfunding of the State's world-renowned system of higher education. It notes, "until 1990, California had both the financial strength and political will to remain true to its promise of wide access to higher education. However, over the past three years, California has had to wrestle with enormous budget deficits, and deep budget cuts now occur annually and appear inevitable for the foreseeable future. As a result, at the very time that more students from more diverse groups than any time in California's history are becoming eligible for enrollment in the State University and the University, California's fiscal crisis has forced it to applaud their achievement on the one hand while simultaneously closing the doors to higher education on the other."

The Commission warns that "if California cannot find the wherewithal to increase that investment, it must develop equitable criteria for reducing enrollment and limiting higher education opportunities. . . . if access must be limited, the State should be guided by an explicit plan rather than by the haphazard consequences of underinvestment. California cannot continue to starve its higher education institutions of the resources they need to carry out their many missions while it anxiously awaits elusive relief from recessionary pressures."

In the statement, the Commission offers a number of proposals for reinvesting in the education of its youth, with specific recommendations for elected officials, educational institutions, and the voting public, including an overall assessment of the capacity of the State to generate the funds needed to meet the greatest public interests, and a performance-driven approach to educational finance.

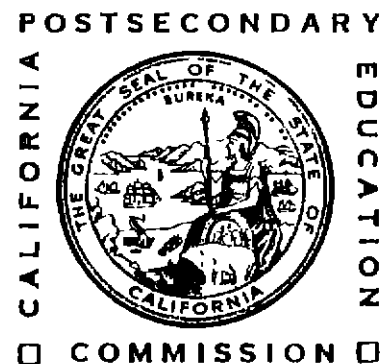
Additional copies of the statement may be obtained from the Commission at 1303 J Street, Suite 500, Sacramento, California 95814-2938

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*A Statement by the California  
Postsecondary Education Commission*

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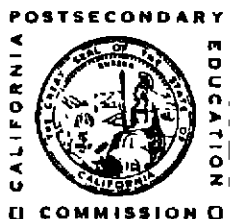


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## California's Waning Higher Education Opportunities

*A Statement by the California Postsecondary Education Commission*

" California is at risk. Whether we choose to admit it or not, California has been making a de facto decision over the past several years to slowly dismantle its world-renowned higher education system "

**T**O PARAPHRASE the landmark report issued in 1983 by the National Commission on Educational Excellence, California is at risk. Whether we choose to admit it or not, California has been making a de facto decision over the past several years to slowly dismantle its world-renowned higher education system. If these trends continue, the immediate result will be a diminishing pool of college graduates -- despite a rapidly growing population -- with high quality instruction and research efforts sinking rapidly into mediocrity. The long-term consequences of this decrease to high quality and accessible education will be a decline in the competence of the State's labor force, and that decline will eventually eliminate California's position as the world's leader in high-tech research and innovation. Simply stated, by allowing the erosion of higher education, California's economic, social, and technological future is being placed in serious jeopardy.

Although deferred, California's dream of providing high quality, affordable educational opportunities need not be abandoned. But its realization will require constant vigilance to avoid the seductive drift of segmented thinking by well-intentioned but specialized interest groups. It will also require that all Californians rededicate ourselves to pursuit of a vision for California that is more than the sum of its collective parts. We believe that this is not only possible, it is imperative.

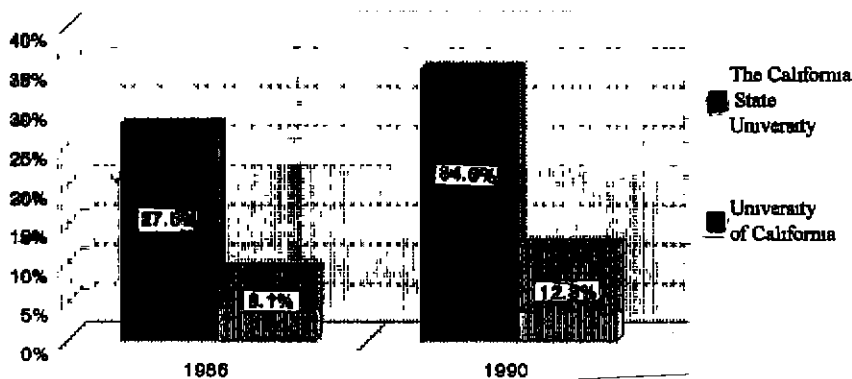
### **The promise and progress: 1960 to 1990**

Thirty-three years ago, California made a promise to its residents that resounded across the nation. All recent high school graduates would have access to a high quality, inexpensive, college education. It was a pledge that was enshrined in the State's Master Plan for Higher Education. For more than three decades, California has been true to this pledge. Further, it has managed to extend that promise to nearly all state residents, from those living in suburban communities and those in rural communities, to the residents of inner cities, and from recent high school graduates to adults seeking job re-training and advancement. Nearly two million students are currently enrolled in California's three public college and university systems, and over 150,000 are enrolled in its independent colleges and universities, which include some of the finest institutions in the nation.

Between 1985 and 1990, California made significant progress in ensuring these educational opportunities by improving the academic preparation of elementary and secondary students and overcoming many of the problems of schools noted in the 1983 report, *A Nation At Risk*. The Legislature enacted bills to improve teacher prepa-

ration, lengthen school days and years, establish curricular standards, and provide annual reports on school performance to the general public for elementary and secondary schools. The Superintendent of Public Instruction concurrently led elementary and secondary school reform efforts to improve the outcomes of K-12 education. The State's colleges and universities joined these efforts by issuing statements on expected competencies of entering freshman students -- endorsed by the academic senates of each system -- and modifying admissions requirements to be more consistent with each other. The combined efforts of the Legislature, K-12 personnel, and the higher education community toward a common objective had the desired result -- an improvement in the academic preparation of high school graduates. For

*DISPLAY 1 Public High School Graduates Fully Eligible for Admission to the California State University and the University of California, 1986 and 1990*



Source: California Postsecondary Education Commission.

example, as Display 1 shows, between 1986 and 1990 the proportion of high school graduates meeting the eligibility requirements of the California State University increased by 25.8 percent -- from 27.5 percent of high school graduates to 34.5 percent -- and those meeting the full set of eligibility requirements for the University of California increased by 35.2 percent -- from 9.1 percent in 1986 to 12.3 percent in 1990. The improved academic performance was evident across all racial/ethnic groups and both genders.

### Challenges of the recession

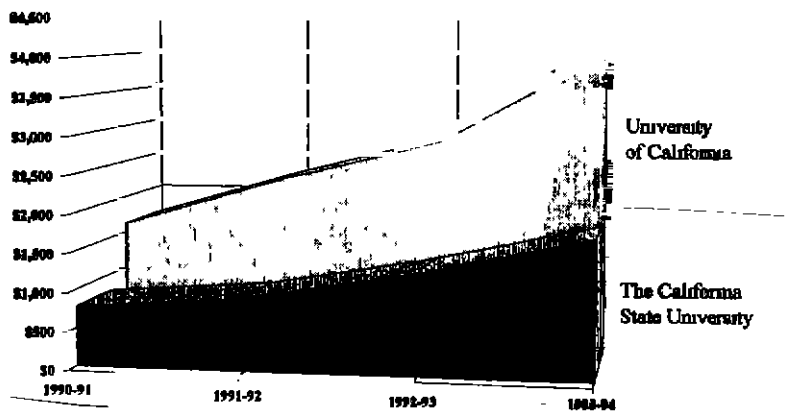
Until 1990, California had both the financial strength and political will to remain true to its promise of wide access to higher education. However, over the past three years, California has had to wrestle with enormous budget deficits, and deep budget cuts now occur annually and appear inevitable for the foreseeable future. As a result, at the very time that more students from more diverse groups than any time in California's history are becoming eligible for enrollment in the State University and the University, California's fiscal crisis has forced it to applaud their achievement on the one hand while simultaneously closing the doors to higher education on the other.

Within the past two years, California has reduced its investment in public higher education by \$780 million, or 13.4 percent. Moreover, this year the Legislature considered two budget reduction scenarios that would have resulted in an unallocated reduction of either \$110.3 million or \$343.1 million to higher education -- depending on whether voters are willing to continue the State's half-cent sales tax that the Legislature and Governor imposed as a result of the 1989 Loma Prieta earthquake.

These cumulative reductions go well beyond the health of any single higher education system and threaten the ability of California to provide high quality, publicly

supported postsecondary education to all state residents who desire it. The State's public universities have been forced to induce some of their best faculty members to take early retirement, eliminate thousands of course sections, and reduce if not eliminate entire academic programs. Because of deliberate "down-sizing" of curricular offerings, tens of thousands of students are effectively being denied access to or discouraged from pursuing higher education. Not only are required courses frequently not available, those students lucky enough to get registered in them are asked to pay a steadily increasing price. Since 1990-91 annual fees paid by community college students have tripled -- from \$100 to \$300, and the Governor earlier proposed that they triple again for next year, State University fees have more than doubled -- rising from \$780 to an estimated \$1,788 in 1993-94, and University fees have more than doubled -- from \$1,624 to an estimated \$4,039 in 1993-94 (Display 2, below). Motivated students are already being required to pay more and are receiving less for the price they pay.

*DISPLAY 2 Systemwide Fees at the California State University and the University of California, 1990-91 to Estimated 1993-94*



Source: California Postsecondary Education Commission.

Because the State has not provided adequate financial aid, a portion of student fee increases is being used to provide additional aid to needy students. This practice contributes to the divisive perception by some that seemingly wealthy students are being forced to subsidize poor students -- a perception that is at odds with the goal of social and political cohesion. Inadequate financial aid (other than loans) for needy students and gradual increases in student/faculty ratios magnify the long-term consequences of current fiscal policies -- a steady erosion of academic quality and diversity in

public higher education. If our higher education institutions continue to be forced to radically reduce their scope, it will take a generation or more to restore them to their previous levels of quality. The approach of adopting policy for higher education on the basis of annual budget cutbacks suffers from a failure to view all of education not only as a coherent and interdependent system but also, and most important, as the drive-wheel of California's economy.

#### **Economic benefits of education**

California's emergence as one of the world's economic powers has occurred because it nurtured a workforce that is among the best educated on earth. Its early residents applied their learning and skill to the State's natural endowments of mineral and agricultural wealth, and its higher education institutions have produced scientists, inventors, and entrepreneurs who have led the world in technological

development by utilizing California's talented labor force to build and market their innovations. Early on, Californians realized that the development and articulation of ideas would be to nations in the twenty-first century what oil, timber, and steel were to countries in the nineteenth and twentieth centuries. Thus, it is no accident that Stanford exists at the center of "Silicon Valley."

The California Economic Development Corporation succinctly captured the importance of higher education in its report, *Visions: California 2010*, by declaring, "If we do not educate all our people for tomorrow's jobs, our society could become increasingly polarized between the rich and the unskilled. No issue will be more important for sharpening our competitive advantage, spurring overall growth, and for ensuring that the benefits of that growth are shared by all Californians, than investing in ourselves." A well-educated populace must continue to be California's most important natural resource. Expanding access to high quality educational institutions at the elementary, secondary, and postsecondary levels will assure a strong economic infrastructure for California and is arguably the most important challenge facing the State today.

Virtually as important, some would say, is California's need for people from all walks of life who share a common core of knowledge and values that serve as the adhesive for a democratic, yet highly diverse society. California's future as a state literally depends on it. Its rapid rise to becoming the most populous and most diverse state in the nation -- where soon no single racial/ethnic group will represent an absolute majority of the population -- provides graphic evidence of its persistent attractiveness as a place to live, work and raise a family. But the State's attractiveness also adds to its complexity and provides additional urgency to preserve the promise of higher education opportunities.

Between 1980 and 1990, California's population grew by six million people, with a large portion of this growth attributable to increased immigration. The pressure of this growth on California's public elementary and secondary schools has been tremendous. In fact, more students are enrolled in California's schools than the *total* population of 34 other states in the nation -- and these students speak at least 50 different primary languages. This growing language and racial/ethnic diversity is most evident in the State's younger population. Already, no racial/ethnic group represents a majority of the public K-12 school enrollment. But the variability in student achievement is such that, as students progress further on the educational continuum, the student population is less and less diverse.

But California's diversity is not limited to race and ethnicity. It is also a state that is simultaneously growing older and younger, with the two fastest growing segments of the population being those over 45 and those 18 years old or younger. The combined impact of such broad diversity has been evident in the outcomes of voter behavior -- a rise in the use of voter initiatives to reflect all manner of special interests, including priorities for General Fund expenditures.

Education represents one of the best vehicles available for bridging the gaps between California's diverse population and redefining perceived differences as sources

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of vitality and strength. The emphasis on the free exchange of ideas in higher education has provided, and continues to provide, an ideal environment in which to nurture the best components of a democratic and pluralistic society -- a society founded on the principle of civic and moral responsibility among its citizens and an opportunity for full participation in all aspects of that society.

In 1989, the Legislature's Joint Committee for Review of the Master Plan correctly noted that "education has been the heart of California's productivity, the source of much of our inspiration, and the hope of our many and diverse peoples." Higher education is integral to any strategy for not only retraining the current and future workforce for a rapidly evolving peacetime economy but also nurturing the aspirations of a highly diverse population and sustaining the creative entrepreneurial activities that have earned California its reputation as the Golden State.

**Doing more  
with less**

In the current climate, no State programs are going to receive even the minimal amount they need from governmental sources to function optimally. Clearly, every component of State-supported operations -- including education -- will have to find more productive and efficient ways of serving the State.

California's schools, colleges and universities are already participating in a sustained effort to increase cost-effectiveness by becoming more efficient in their expenditure of public resources. With the assistance of the Commission, they are thinking through various alternatives for restructuring how they can work in a more unified manner, capitalizing on their interdependency; and the Commission foresees increasing cooperation among California's systems of education to this end.

But in promoting greater productivity and cost efficiency, California policy makers cannot afford to engage in more and more contentious budget practices that convert natural allies into adversaries -- among them schools versus colleges, community colleges versus universities, and employers versus educators. Rather, these policy makers should pursue a strategy that balances public investment in business *and* education, in order -- on the one hand -- to spur the economy and stem the migration of firms to other states and -- on the other -- to produce an educated populace and workforce, one of the most important resources of business.

**Options  
for the future**

The fiscal crisis facing California is clearly monumental, and for two reasons the Commission believes it is not likely to improve substantially without fundamental reforms in revenue and expenditure policies:

1. California's various revenue collection mechanisms are insufficient to match the growth in demand for public services by a steadily increasing population.
2. Through a combination of constitutional requirements, statutes, and voter initiatives, the Governor and Legislature have had their ability to make expenditure decisions restricted to about 15 percent of the General Fund budget.

The Commission therefore believes that all revenue sources should be examined as part of an overall assessment of the capacity of the State to generate the funds

needed to meet the greatest public interests. Where prior legislative actions and voter initiatives artificially restrict the generation of needed revenue, action should be taken to repeal or substantially modify those actions. For example, several key provisions of Proposition 13 and a variety of tax loopholes should be eliminated prior to consideration of any new taxes. The Commission further believes that California voters can be persuaded to support higher levels of public investment in education than has been possible since the beginning of this decade if they have evidence that public dollars are being spent as productively as possible.

Generating additional revenue alone is not sufficient, however. If the Governor and Legislature continue to have discretion over just 15 percent of annual General Fund expenditures, and if California's population continues to grow, the problem of underinvestment in education will simply be postponed for a few years. Accordingly, the Commission believes that efforts should be made to remove as many mandatory expenditure requirements as possible. During recessionary periods, even the most well-intentioned expenditure requirements can be displaced by competing goals. For instance, contrary to what voters intended, Proposition 98 has become a *ceiling* on funding K-14 education rather than a floor for its support.

Clearly, we must find new ways of financing all of education -- kindergarten through graduate education -- that reflect the concept of a single continuum of learning, that recognize variation in institutional mission and enrollment growth, and that allocate funds on the basis of productivity in achieving desired educational objectives. The Commission believes that the public readily recognizes the clear economic and social advantages of investing in the education of young people for full participation in society and the workforce through a performance-driven approach to educational finance rather than paying for the remediation, retraining, and even incarceration of youth during their prime learning and earning years.

In summary, the Commission holds that the social and political cohesion of the State, as well as its economic health, requires a focused investment in the development of its human resources through strengthening and unifying its existing educational capacity. Nonetheless, if California cannot find the wherewithal to increase that investment, it must develop equitable criteria for reducing enrollment and limiting higher education opportunities. The Commission wishes to be clear here: *California should maintain access to higher education as one of its highest priorities.* But if access must be limited, the State should be guided by an explicit plan rather than by the haphazard consequences of underinvestment. California cannot continue to starve its higher education institutions of the resources they need to carry out their many missions while it anxiously awaits elusive relief from recessionary pressures.

## Conclusion

California has justifiable reason to take pride in its past and to be worried by its present circumstances. Whether it will continue to be proud of its past as it enters the next century will be significantly affected by the choices its policy makers make today. The Commission stands ready to work with the Governor, the Legislature and others in refocusing collective attention on effective ways to preserve high quality educational opportunities in California. But we urge the Legislature, the Gover-

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nor and the general public to recall the importance of education to an informed and literate electorate and a vibrant economy, and then marshal the resolve to invest in adequately educating California's next generation of workers and leaders

# CALIFORNIA POSTSECONDARY EDUCATION COMMISSION

THE California Postsecondary Education Commission is a citizen board established in 1974 by the Legislature and Governor to coordinate the efforts of California's colleges and universities and to provide independent, non-partisan policy analysis and recommendations to the Governor and Legislature

## Members of the Commission

The Commission consists of 17 members. Nine represent the general public, with three each appointed for six-year terms by the Governor, the Senate Rules Committee, and the Speaker of the Assembly. Six others represent the major segments of postsecondary education in California. Two student members are appointed by the Governor.

As of April 1995, the Commissioners representing the general public are

Henry Der, San Francisco, *Chair*  
Guillermo Rodriguez, Jr., San Francisco, *Vice Chair*  
Elaine Alquist, Santa Clara  
Mim Andelson, Los Angeles  
C. Thomas Dean, Long Beach  
Jeffrey I. Marston, San Diego  
Melinda G. Wilson, Torrance  
Linda J. Wong, Los Angeles  
Ellen F. Wright, Saratoga

Representatives of the segments are

Roy T. Brophy, Fair Oaks, appointed by the Regents of the University of California,  
Yvonne W. Larsen, San Diego, appointed by the California State Board of Education,  
Alice Petrossian, Glendale, appointed by the Board of Governors of the California Community Colleges,  
Ted J. Saenger, San Francisco, appointed by the Trustees of the California State University,  
Kyhl Smeby, Pasadena, appointed by the Governor to represent California's independent colleges and universities, and  
Frank R. Martinez, San Luis Obispo, appointed by the Council for Private Postsecondary and Vocational Education

The two student representatives are  
Stephen Leshner, Meadow Vista  
Beverly A. Sandeen, Costa Mesa

## Functions of the Commission

The Commission is charged by the Legislature and Governor to "assure the effective utilization of public postsecondary education resources, thereby eliminating waste and unnecessary duplication, and to promote diversity, innovation, and responsiveness to student and societal needs."

To this end, the Commission conducts independent reviews of matters affecting the 2,600 institutions of postsecondary education in California, including community colleges, four-year colleges, universities, and professional and occupational schools.

As an advisory body to the Legislature and Governor, the Commission does not govern or administer any institutions, nor does it approve, authorize, or accredit any of them. Instead, it performs its specific duties of planning, evaluation, and coordination by cooperating with other State agencies and non-governmental groups that perform those other governing, administrative, and assessment functions.

## Operation of the Commission

The Commission holds regular meetings throughout the year at which it debates and takes action on staff studies and takes positions on proposed legislation affecting education beyond the high school in California. By law, its meetings are open to the public. Requests to speak at a meeting may be made by writing the Commission in advance or by submitting a request before the start of the meeting.

The Commission's day-to-day work is carried out by its staff in Sacramento, under the guidance of its executive director, Warren Halsey Fox, Ph.D., who is appointed by the Commission.

Further information about the Commission and its publications may be obtained from the Commission offices at 1303 J Street, Suite 500, Sacramento, California 95814-2938, telephone (916) 445-7933.



# A Dream Deferred: California's Waning Higher Education Opportunities

## Commission Report 93-10

ONE of a series of reports published by the California Postsecondary Education Commission as part of its planning and coordinating responsibilities. Single copies may be obtained without charge from the Commission at 1303 J Street, Suite 500, Sacramento, California 95814-2938. Recent reports include

- 93-1 *Legislative and State Budget Priorities of the Commission, 1993. A Report of the California Postsecondary Education Commission* (February 1993)
- 93-2 *Expenditures for University Instruction. A Report to the Governor and Legislature in Response to Supplemental Report Language for the 1991 Budget Act* (April 1993)
- 93-3 *Faculty Salaries in California's Public Universities. A Report to the Legislature and the Governor in Response to Concurrent Resolution No. 51 (1965)* (April 1993)
- 93-4 *Executive Compensation in California's Public Universities, 1992-93. A Report to the Governor and Legislature in Response to the 1992 Budget Act* (April 1993)
- 93-5 *Status Report on Human Corps Activities, 1992. The Last in a Series of Five Progress Reports to the Legislature in Response to Assembly Bill 1820 (Chapter 1245, Statutes of 1987)* (April 1993)
- 93-6 *The Master Plan, Then and Now. Policies of the 1960-1975 Master Plan for Higher Education in Light of 1993 Realities* (April 1993)
- 93-7 *The Restructuring of California's Financial Aid Programs and Its Short-Term Aid Policy. Recommendations of the California Postsecondary Education Commission* (April 1993)
- 93-8 *Undergraduate Student Charges and Short-Term Financial Aid Policies at California's Public Universities. Recommendations of the California Postsecondary Education Commission* (April 1993)
- 93-9 *A New State Policy on Undergraduate Student Charges at California's Public Universities. Recommendations of the California Postsecondary Education Commission* (June 1993)
- 93-10 *A Dream Deferred. California's Waning Higher Education Opportunities. A Statement by the California Postsecondary Education Commission* (June 1993)
- 93-11 *Student Fees and Fee Policy at the California Maritime Academy. A Report to the Governor and Legislature in Response to Supplemental Report Language of the 1992 Budget Act* (June 1993)
- 93-12 *Proposed Establishment of the Vacaville Higher Education Center of the Solano County Community College District. A Report to the Governor and Legislature in Response to a Request from the Board of Governors of the California Community Colleges* (June 1993)
- 93-13 *Major Gains and Losses, 1986-87 to 1991-92. A Report on Shifts in the Popularity of Various Academic Disciplines as Fields of Study at California's Public Universities* (June 1993)